



Location

Wichita, the largest city in Kansas, population 346,664¹ is the county seat of Sedgwick County. Major highways, including the Kansas Turnpike and Interstate I-135, link the City with a large trade area that encompasses a population of approximately 1.0 million² people within a 100-mile radius. The nearest large cities are Denver to the west, Kansas City to the northeast and Oklahoma City and Tulsa to the south and southeast.

Historical Background

Wichita became a town in 1868, was incorporated in 1870 and has been a city of the first class since 1886. The original stimulus to the City's economic development was the extension of the Santa Fe Railway into Wichita in 1872. The City's early growth paralleled the expanding agricultural productivity of the Central Plains States and by 1900 the City was an important regional center for the processing of agricultural products and the distribution of farm equipment. In 1914, the discovery of oil broadened the economic base, drawing to the city numerous services, distributive enterprises and metalworking industries. From the earliest days of the aircraft industry, Wichita has been a leading producer of general aviation and commercial aircraft. McConnell Air Force Base was activated in 1951 and has remained an important asset in the community.

In 1918, Wichita became one of the first municipalities in the United States to adopt the Commission-Manager form of government. Effective April 14, 1987, the title "City Commissioner" was changed to "City Council Member" and instead of being elected at-large, five council members were nominated by district and elected at-large. In November 1988, Wichita voters approved a referendum to elect a five-member City Council by pure district elections and a full-time Mayor by city-at-large elections. On February 10, 1989, Charter Ordinance 115 was adopted and provided for the five council member seats to be increased to six by subdividing the City into six districts based on the 1990 census.

The six Council members and the Mayor serve four-year terms with the Council members' terms being overlapping. The City Council and Mayor conduct all legislative functions for the City of Wichita and establish general policies, which are executed by the City Manager.

Wichita has been the recipient of the All-America City Award three times - 1962, 1993, and 1999. This award is America's oldest and most prestigious civic award. This premier award is awarded to the City that demonstrates the most effective collaborative interaction of citizens, government, business and the volunteer sector to address and solve critical local issues.



Population Characteristics

This report was prepared by the Center for Economic Development and Business Research (CEDBR) at the request of the Department of Finance specifically for inclusion and use in the 2003-2008 Financial Plan.

2002 Population	
Wichita city (2002) ¹	346,664
Wichita MSA (2002) ²	549,790
Within 100-mile radius ³	998,511
¹ Source: Claritas 2002 population estimate. ² Source: Claritas 2002 population estimate. ³ Source: Estimated by the CEDBR, Wichita State University using Claritas 2002 population estimates and mapping.	

¹Source: Claritas 2002 population estimate.

²Source: Claritas 2002 population estimates and mapping.

Growth

Wichita's population growth has been steady for the past two decades. The majority of recent growth has occurred along the far west/northwest and east/northeast peripheries of the City, and into the unincorporated portions of the county.

As of April 2003, the City's total land area was approximately 155.3 square miles. The majority of annexation over the past years has been in response to a need for improved municipal services in the annexed areas, especially water service.

Geographic Distribution

The metropolitan statistical area (MSA) includes Butler, Harvey, and Sedgwick counties. Sedgwick County represents the largest portion of the area's population with an estimated 456,697 residents in 2002. The MSA expanded effective June 6, 2003, when the Federal Office of Management and Budget (OMB) added Sumner County to the Wichita Metropolitan Statistical Area. Due to immediate inaccessibility of data for Sumner County, the current information contained in the report does not reflect this growth. However, future City Profile information will reflect the statistical impact of the addition of Sumner County on the Wichita MSA.

The City's population density has decreased by 45 percent in the past few decades. Today, there are approximately 2,536 persons per square mile in Wichita, compared to 4,625 persons per square mile in 1960 when growth within the City limits peaked. The trend of perimeter growth and the associated increase in demand for local government services is expected to continue for Wichita.

Public Safety

National FBI statistics for 2001 show Wichita's violent crime rate to be lower than many midwestern cities of comparable size, including Oklahoma City and Tulsa. The Wichita metropolitan area's violent crime rate in 2001 was 521 offenses per 100,000 population.

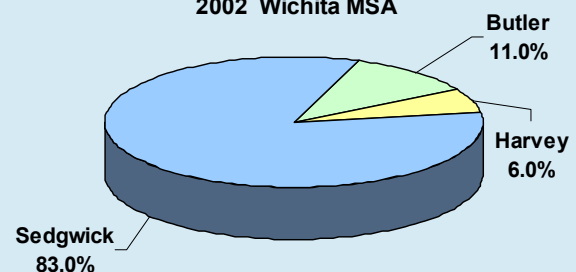
In 2002, overall crime in Wichita rose slightly compared with 2001, for the second year, after three previous years of decline, according to Wichita Police Department statistics. The 2002 crime rate is still below the average rate for the preceding five years. Efforts by local leaders to address crime and crime perception in the City have included the addition of on-line services, such as surveys, auto accident reporting and crime information, community policing, education, more stringent handgun regulations, enhanced surveillance of gang activities, as well as expansion and support of crime prevention programs in target areas.

Population Trends

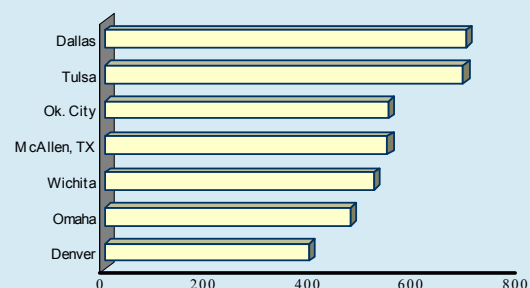
Year	Wichita (000's)*	Percent Change	Sedgw. Co (000's)	Percent Change
1950	168.3		222.3	
1960	254.7	51.3%	343.2	54.4%
1970	276.6	8.6%	350.7	2.2%
1980	279.3	1.0%	367.1	4.7%
1990	304.0	8.8%	403.7	10.0%
2000	344.3	13.3%	452.9	12.2%

**Source: U.S. Bureau of the Census, Population of the 100 Largest Cities and Other Urban Places in the United States: 1790 to 1990, Working Population Paper No. 27. Census 2000*

Population Distribution 2002 Wichita MSA



2002 Violent Crimes Per 100,000 Population



**Includes murders, rape, robbery and aggravated assault.*

Source: FBI Crime in the United States." Compiled by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

Composition

The racial and ethnic composition of Wichita's population is comparable to that of the nation. Current trends indicate the fastest growth rate to be among Asian/Pacific Islanders and persons of Hispanic origin.

Education

Wichitans place great importance on education. In 2000, 84 percent of Wichita's citizens aged 25 years and older had at least a high school diploma, compared to 80 percent in the nation overall.

The City of Wichita is served by eight unified school districts. The Wichita Public Schools (USD 259) is the largest in the City. Enrollment grew steadily from 1996 through 2001, but decreased slightly in fall 2002.

In addition to the public school districts, there are dozens of private and parochial schools serving preschool through high school students, as well as those needing special education. Fourteen colleges and universities in the local area serve Wichita, including Wichita State University, University of Kansas-School of Medicine, Friends University, Newman University, and the Wichita Area Technical College.

Health Care

Wichita is a first-class regional medical center with 15 acute care and freestanding specialty hospitals providing the community with approximately 3,000 licensed beds. In addition to these major treatment facilities, there are approximately 50 nursing homes and assisted living facilities. Wichita is also home to the Center for Improvement of Human Functioning, an international bio-medical research and educational organization specializing in nutritional medicine and preventive care.

Transportation

Wichita Mid-Continent Airport, the largest airport in Kansas, is a combination commercial air carrier and general aviation complex, providing accommodations for all aircraft. Passenger service is available through 15 airlines including AirTran Airways; Allegiant Air; America West Express; American; American Connection; American Eagle; Continental Express; three Delta Connections, Atlantic Southeast, Comair, and Skywest; Frontier Jet Express; Northwest Airlin; United; and two United connections, Atlantic Coast and United Express. Five major carriers, including Airborne Freight, DHL, Emery, Federal Express, and UPS, provide cargo service.

Air passengers at Mid-Continent numbered 1.3 million in 2002 (inbound and outbound). Airfreight shipments totaled 69.5 million pounds in 2002 (inbound and outbound).

Population by Race/Ethnic Origin, 2002 (percent of total)		
	U.S.	Wichita
Total	100.0%	100.0%
Hispanic Origin*	13.1%	10.4%
Not Hispanic		
White	74.5%	74.1%
Black/African Am.	12.4%	11.7%
American Indian	0.9%	1.2%
Asian	3.8%	4.2%
Other**	8.4%	8.8%

*May be of any race.
**Includes other races and persons identify with multi-racial.

Source: Claritas 2002 population estimates.

Wichita Mid-Continent Airport Activity Air Freight Shipments (pounds)		
Year	Inbound	Outbound
1994	31,288,000	27,584,000
1995	31,068,000	26,422,000
1996	42,662,000	37,240,000
1997	39,148,000	38,324,000
1998	37,040,000	36,252,000
1999	27,874,000	26,110,000
2000	28,884,000	22,032,000
2001	26,368,000	23,468,000
2002	35,804,000	33,684,000

Source: Wichita Airport Authority. Compiled by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

Wichita Mid-Continent Airport Activity Air Passengers		
Year	Inbound	Outbound
1994	581,494	584,624
1995	647,148	647,242
1996	712,641	714,591
1997	710,017	704,317
1998	666,442	666,506
1999	626,951	621,378
2000	617,634	609,449
2001	565,498	563,883
2002	666,437	670,833

Source: Wichita Airport Authority. Compiled by CEDBR, W. Frank Barton School of Business, Wichita State University.

Culture and Leisure

Recreational opportunities abound in Wichita. The City's compact size allows minimal travel time (average 30 minutes) to outlying areas with open prairie and lakes. Inside the city there are more than 90 municipal parks, covering 4,190 acres.³ At least 160,000 trees are planted in Wichita's public grounds.

Cultural activities include art, natural and historical museums, theater, the Mid-American All-Indian Center, the Wichita Symphony, the Metropolitan Ballet, an observatory, a botanical garden, and a natural setting zoo. Demonstrating potential strength for tourism in Wichita, Exploration Place, the \$62 million science center and museum, opened in 2000. In 2001 the facility had 289,564 visitors. The impressive attendance at Exploration Place also bodes well for the Wichita Art Museum, which is just completing a \$10.5 million renovation.

Special ethnic, sports, and holiday events take place year-round, culminating in the area-wide nine-day River Festival in May. Beginning as a city-financed centennial celebration in 1970, the River Festival has grown steadily. In 1996, it was named one of the top 100 tourist attractions in North America. The total economic impact of the river festival in 2001 was an estimated \$22.6 million.⁴

Minor league baseball and professional hockey are examples of other major attractions in the Wichita area, as well as Joyland Amusement Park. The twin-sheet ice skating arena, Ice Sports Wichita, is available for additional sporting events. Wichita has five City-owned golf courses, three other golf courses for public play and four membership-only private courses.

Century II is the convention headquarters downtown. The Kansas Coliseum, just north of the city, is a multi-purpose facility that hosts a variety of events from concerts to livestock shows. The \$30 million Hyatt Regency hotel in downtown Wichita has added to the large selection of hotels in the city. Wichita is the leading convention and tourism center in Kansas.

Economic Development

Wichita offers an excellent business environment, with incentives that include property tax abatements (up to 10 years-100%), industrial revenue bonds (IRBs), Enterprise Zones, job training funds and venture capital.

Under the state constitution, Kansas is a right-to-work state. No labor unions may attempt to collect "service fees" from workers who choose not to join the union. Only 8.4 percent of the Wichita MSA's private work force is unionized compared to 11.2 percent of the national private sector. Outside the aircraft plants only 4 percent of the Wichita MSA's private workforce is unionized.⁵

Downtown Wichita serves as the region's entertainment, artistic, cultural and government center. It has 3.5 million square feet of office space, nearly 50 percent of all office space in Sedgwick County.

Downtown revitalization is gaining importance and momentum in Wichita. The vitality of the City's core is essential, not only to economic and tax base stability, but to quality of life for its residents. Among the riverfront and core-area public and private development projects under construction or completed since 1994 are:

- Hotel at Old Town
- Wichita BoatHouse
- Old Town Redevelopment
- The Eaton Hotel and Carey Square
- State Office Building
- Wichita Ice Center
- Exploration Place, a Science Center
- Hyatt Convention Center Hotel
- East Bank River Walk
- Maple-Lewis-Douglas Street Bridges
- McLean Boulevard Realignment
- Douglas Avenue Upgrading
- Development of pocket parks
- Old Town Square/Movie Theater
- Two-way Main Street
- Public Art Program
- Innes Station (apartments)
- Lawrence Dumont Stadium Renovation
- Douglas Street Façade Renovation Program
- Garvey Center Apartments
- The Harvester Apartments
- Delano and West Douglas
- Kansas Sports Hall of Fame
- Walk-of-Fame - Lawrence Dumont Stadium

³ Source: City of Wichita Park and Recreation Administration.

⁴ Source: Wichita Festival Inc.

⁵ Source: Wichita Area Chamber of Commerce. Estimates are for year-end 1994.

Cost of Living

Even with all these amenities, Wichita still maintains a moderate cost-of-living rate of 98.0, about average among the 307 urban areas in the United States.⁶ As of second quarter 2002, the median sales price of existing single-family homes in the Wichita MSA was \$96,100 compared to the national average of \$157,800 according to the National Association of Realtors. As of second quarter 2002, the median sales price of a newly built single-family home in the Wichita metro area was \$135,000, substantially below the national median price of \$184,100.⁷

Economic Characteristics

This report was prepared by the Center for Economic Development and Business Research (CEDBR) at the request of the Department of Finance specifically for inclusion and use in the 2003-2008 Financial Plan in April 2003. For updated information refer to CEDBR site (<http://www.webs.wichita.edu/cedbr>) on the World Wide Web.

Employment

Wichita's employment includes a broad mix of business types, with a strong base of relatively high paying manufacturing jobs. A list of Wichita's major private employers includes The Boeing Co., Cessna Aircraft Co., Raytheon Aircraft Co., Via Christi Regional Medical Center, Bombardier Aerospace Learjet, Dillon Stores, Koch Industries Inc., Wesley Medical Center, AGCO Corp., The Coleman Co., Wichita Clinic, Bank of America and Southwestern Bell.

However, any listing of the area's largest private employers cannot reveal the large number of small and mid-sized companies providing a wide variety of goods and services to markets around the globe. The 2001 *County Business Patterns* shows approximately 11,584 business establishments in Sedgwick County with fewer than 100 employees.

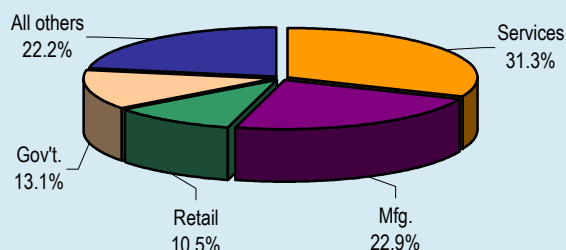
Total wage and salary employment in the Wichita metro area experienced a net loss of 6,700 jobs in 2002. During the past decade, 1992 through 2002, total wage and salary employment grew by 13.7 percent, or an average of 1.4 percent annually. During the past ten years the Wichita metro area added 34,000 net new jobs.

Education and health care services added the most net new jobs in the past decade (7,300) followed by the government (6,300), professional & business services (4,200), manufacturing (3,700) and leisure & hospitality (3,400) sectors.

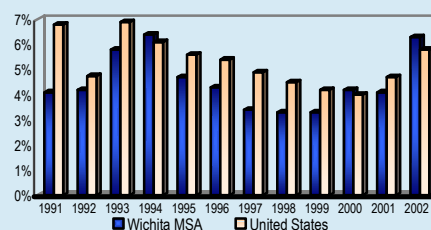
⁶ Source: ACCRA 2nd Quarter 2002.

⁷ Source: Wichita Area Association of Realtors-Multiple Listing Service and the National Association of Realtors.

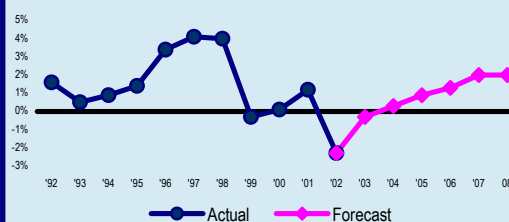
**Wage & Salary Employment
2002 Wichita MSA**



**Unemployment Rate U.S. versus
the Wichita MSA**



**Total Employment Growth Rate
Wichita MSA**



Source: KS Dept of Human Resources. Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

As of year-end 2002, manufacturing was the largest employment sector (22.9 percent) followed by the education & health services sector (13.1 percent), the government sector (13.1 percent) and the retail trade sector (10.5 percent).

The Wichita MSA civilian labor force increased from 293,715 in 2001 to 301,517 in 2002 for a growth rate of 2.7 percent.⁸ The average annual unemployment rate in 2002 was 6.4 percent (19,230 people), compared with 4.1 percent (12,057 people) in 2001. Historically, the Wichita metro area enjoys a relatively low unemployment rate. During this past quarter century, the metro area's unemployment rate has been lower than the U.S. rate in 22 out of 25 years.

In 2002 the U.S. economy started a slow, weak recovery. This was not the case, however, in Wichita. Following 9/11 all four of Wichita's aircraft manufacturers experienced immediate and continuing order cancellations. As a result, each of them reduced employment levels during 2002. In addition, nearly every other industry sector in Wichita saw net job losses during 2002. However, it was expected that since Wichita did not enter the recession as soon as the national economy, Wichita would not economically recover as fast as the national economy. Thus total employment in 2003 will decrease slightly, losing 910 jobs or 0.3 percent.

Manufacturing

U.S. industrial production started to rebound in early 2002, following an 18-month recession. However, declines in the second half of the year signaled that the manufacturing recovery had stalled. Additionally, rising input prices were driving up costs, but weak pricing power was limiting the ability of manufacturers to increase revenues and, therefore, profits.

Wichita's four aircraft manufacturers all reduced production schedules in 2002 and further reductions are expected for 2003. Most industry analysts are now looking to 2004/2005 for a rebound in aircraft manufacturing. Given the weak national markets for manufactured goods and with recovery at least a year away for the aviation industry, the Center predicts a decrease of 2.3 percent, or a loss of 1,500 manufacturing jobs in 2003; significantly fewer than last year.

During the 1980s, Wichita saw significant decreases in manufacturing employment averaging 0.7 percent annually. Most of these job losses were as a result of downsizing among the general aviation manufacturers early in the decade. With the introduction and passage of product liability reform

legislation, the general aviation industry in Wichita blossomed during the 1990s growing on average 1.5 percent annually.⁹ During the 2000s, the CEDBR is expecting more modest growth in the manufacturing sector. Following significant job losses in 2002 and 2003, the manufacturing sector should start to see job recovery in late 2004. From 2005 through 2008 job growth in the manufacturing sector should average about 1,425 net new jobs annually.

Among Wichita's three general aviation companies, Cessna Aircraft, Raytheon Aircraft and Bombardier Aerospace, shipments totaled 1,322 in 2002 with billings totaling \$6.3 billion.¹⁰ For the first time in nearly a decade totaling billings declined in 2002, falling by 21.2 percent.

Along with Boeing, all three of Wichita's general aviation manufacturers reduced employment levels during 2002. In Wichita, Boeing laid off approximately 5,200 employees starting with nearly 2,000 in December 2001, based on expectations of falling deliveries. In March 2003, machinists at Bombardier Aerospace approved a restructured contract that company officials say will keep its Wichita plant open through at least 2006. The contract freezes union members' wages and pension benefits for a year, alters work schedules and increases employee contributions to monthly health care premiums. During the past 18 months Bombardier has cut about 900 jobs, temporarily lay off about 500 in December and suspended aircraft production for four to six months. In January 2003, Raytheon Aircraft announced 550 job cuts. Employment at the Wichita plant will total 7,100 once this latest round of job cuts is complete. Cessna attempted to maintain full staff until late in 2002, when it announced plans to downsize. In addition to 1,200 layoffs, the company will be requiring a seven-week furlough of 6,000 employees from June 2 through July 18. Cessna downgraded its 2003 delivery forecast from 220 to 180 in late January 2003. Company officials aren't expecting to see a turnaround in airplane sales for at least two years.

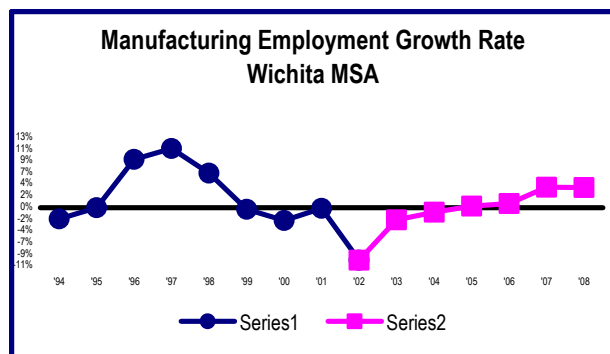
Since September 2001, Boeing Commercial Airplanes has reduced employment by approximately 30,000 people (company-wide) and airplane production rates have been cut in half. In 2002, annual deliveries of commercial airplanes decreased 28 percent and revenues fell 19 percent. Boeing Commercial Airplanes received 67 gross orders during fourth quarter 2002 and 251 for the year. Contractual backlog at quarter end totaled \$68.2 billion compared with \$75.9 billion at the end of 2001. Boeing Commercial Airplanes' delivery forecast for 2003 has been revised to approximately 280

⁸ The Wichita metropolitan area is currently comprised of three counties including Butler, Harvey and Sedgwick. It is expected that Sumner County will be added to the metropolitan area with the release of new metropolitan area definitions in June 2003. This new designation is reflected in this civilian labor force data.

⁹ Historical growth rates are based on SIC coding system.

¹⁰ Source: General Aviation Airplane Shipment Report, General Aviation Manufacturers Association released 2/10/03. A complete copy of the report is available online at <http://www.gama.aero/home.php>. Note that numbers for the three Wichita-based companies include shipments and billings from all plant locations. In addition, these figures include data for the number and value of shipments for Boeing Business Jets.

airplanes. Boeing expects deliveries in 2004 to be similar to 2003 and has established an estimate of 275 to 300 airplanes, with market recovery beginning in 2005. According to the company, the delivery forecast for 2003 is virtually sold out and approximately 80 percent sold for 2004 at the lower end of the range.¹¹



Source: Kansas Dept. of Human Resources. Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

Although Wichita has a strong competitive advantage in the production of aircraft, the overall economy has a healthy diversity. In 2001, the Center for Economic Development and Business Research conducted a study that confirmed this diversity.¹² When compared to 318 metropolitan areas across the nation, Wichita ranked 144th in terms of diversification, demonstrating an above average economic diversity. The volatility of the Wichita economy proved to be lower than the majority of the study cities by each economic indicator measured.

Services

The performance among the service sectors varied substantially during 2002:

- The educational and health services sector gained 1,500 jobs for a net increase of 4.2 percent.
- The financial services sector gained 100 jobs for a net increase of 0.8 percent.
- The information sector lost 100 jobs for a net decrease of 1.8 percent.
- The leisure and hospitality sector lost 600 jobs for a net decrease of 2.4 percent.
- The business and professional services sector lost 1,500 jobs for a net decrease of 5.3 percent.
- The other services sector gained 400 jobs for a net increase of 3.8 percent.

¹¹ Source: Boeing News Release, Boeing Reports Fourth Quarter and Full Year 2002 Financial Results; Updates Outlook, Jan 30, 2003 online at http://www.boeing.com/news/releases/2003/q1/nr_030130a.html.

Historically, when Wichita has experienced job declines in the manufacturing sector this has freed up labor and led to employment growth in the service sector. In 2003, modest growth is being forecast among service sector employment totaling about 510 jobs. Services are expected to continue to be a major contributor to job growth over the next five years. As a regional health services center for south central Kansas, Wichita should continue to see growth in the health care sector. With continued population growth, employment growth will continue in the educational services sector. Employment in services sub-sectors such as call centers and leisure and hospitality will improve, as the area exits out of recession.

Construction

Despite job losses totaling 200 (a decrease of 1.4 percent), construction employment in 2002 is still 20 percent higher than it was in 1992, as the Wichita area recovered from the last recession in 1990/91.

The value of construction permits for the City of Wichita totaled \$416 million in 2002, down 5.8 percent from 2001. The declines primarily occurred among commercial construction. New non-residential construction declined 28.9 percent. New residential construction, on the other hand, totaled \$155.6 million, up 14.8 percent from 2001.

A \$284 million bond issue for the Wichita Public Schools, USD 259, passed on April 4, 2000. The bond money will be used to finance the elimination of all but a few portable classrooms, add classrooms to eliminate overcrowding, replace schools that would be more costly to refurbish and maintain, and modernize heating, cooling, and wiring in all of the schools that need it.

Several large privately funded commercial projects are underway providing further job stability for the commercial sector. Some of these projects include a \$90 million expansion of Wesley Medical Center and the \$61 million construction of Cessna's new Citation Service Center.

On the residential side, sales in February show continued strength in the area's housing market. Home sales for the 12 months ending in February 2003 were running 3.4 percent higher than the previous year. The Center expects home sales to slow slightly in 2003 for a variety of reasons including mortgage interest rates, which are unlikely to fall further this year. In addition, given the impressive housing market in the Wichita area the last few years, it is unlikely there is much pent-up demand for housing. Finally, with mounting job losses in the area, many consumers may be hesitant to make such a large purchase.

¹² "Industrial Structure and Economic Volatility of Selected Metropolitan Areas", Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, August 2001, funded by the City of Wichita, Dept. of Finance.

The CEDBR is projecting a 0.5 percent increase in construction employment in 2003. Residential construction activity is expected to remain close to 2002 levels while commercial/ industrial construction activity is expected to increase slightly. With job losses in the residential sector and job gains in the commercial/industrial sector, overall employment in the construction industry is expected to increase only modestly, adding about 75 jobs.

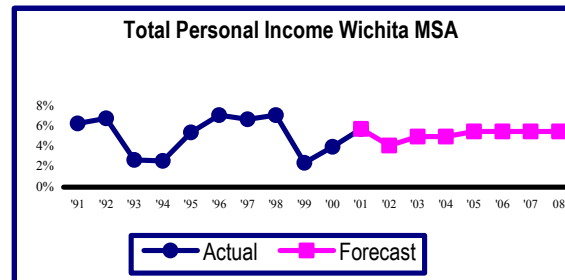
Personal Income

Total personal income for the Wichita MSA had an average annual growth rate of 6.2 percent for the decade ending in 2000 (the latest year for which data are available as of this printing). From 2000 through 2008, total personal income is expected to grow at an average annual rate of 5.6 percent. If inflation remains in the range of 2 percent, growth of real, inflation-adjusted personal income would average 3 percent for the period 2003-2008.

Personal income is expected to increase 5 percent in 2003 (2.9 percent real, inflation-adjusted growth) as a result of the downturn in aviation manufacturing. With a weak labor market, wages are not expected to rise much faster than inflation in the near term.

Personal income is attributed to the county in which a person lives, regardless of where he or she may work. As surrounding counties continue to successfully develop their own infrastructure and residential neighborhoods, they will attract a greater share of the MSA's total income.

However, Sedgwick County will retain a major share of jobs and workforce in the region.



Source: U.S. Dept. of Commerce, BEA. Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

Personal income is affected by a number of factors, including social security, farm income, rental income, stocks, interest, and employee earnings. The largest share by far is the earnings of employees.

Retail Trade and Sales

With lackluster sales, there has been a fierce battle nationally for retail market share resulting in numerous closures, consolidations and bankruptcies by struggling retailers while those with deep pockets expand rapidly to grab market share. Locally, the results of that battle for market share have brought several new national retailers into the market including Galt Sports, Dick's Sporting Goods, Ashley's Furniture Homestore, Hollister Co., Von Maur, and Abercrombie & Fitch. In addition, several national retailers such as Lowe's Home Improvement, Wal-Mart, Dillons, Aldi Supermarket and Dollar General have expanded their presence in Wichita by opening additional locations. Costco Wholesale Corp., one of the nation's largest warehouse clubs, announced plans to open a Wichita store in 2003. Bass Pro Shops, one of the world's largest outdoor sporting goods retailers, is looking at potential store sites in Wichita. During this same period several national retailers have exited or reduced their presence in the Wichita market including Stein Mart, Osco Drug, K-Mart, Zany Brainy and Albertson's. There will continue to be shakeouts among retailers of all sizes in 2003, with larger retailers possibly more able to sustain continued lack of growth in revenues than smaller retailers.

In addition to access to retail outlets, growth and decline in real retail sales (adjusted for inflation) are closely related to employment growth and consumer confidence. Each new job generates just over \$24,000 in nominal taxable retail sales. However changes in state tax law also can have an impact on taxable retail sales. Since July 1998 the Kansas legislature has granted sales tax exemptions totaling approximately \$35.4 million. For example, in July of 2000 expanded exemptions for manufacturing machinery and equipment were granted with an estimated loss of sales tax collections totaling \$4.3 million annually statewide.¹³ As the state's major manufacturing center, a large percentage of those collections are likely to be generated in the Wichita metropolitan area.

¹³ Based on estimates provided by the Kansas Department of Revenue.

CITY OF WICHITA

Based on Kansas Department of Revenue state sales tax receipts, the Wichita MSA produced \$6.838 billion in taxable retail sales in 2002. This reflects a decline of 2.1 percent between 2001 and 2002.

Retail sales tax collections in the metro area grew by 2 percent between 2001 and 2002 as the state increased its tax rate from 4.9 percent to 5.9 percent effective July 1, 2002.

Retail sales are projected to decline in 2003 and then increase at an average annual rate of 3.3 percent during 2004-2008. This forecast is based on anticipated employment and personal income above and the assumption that Wichita will continue to attract growing numbers of new, well-managed retail establishments.

Wichita MSA Taxable Retail Sales				Wichita MSA Wage & Salary Forecast			
Year	State Sales Tax Collections (Millions)	Taxable Retail Sales (Millions)	Annual Growth Rate	Year	Wage & Salary Employment	Level of Change	Annual Growth Rate
1998	\$349.00	\$7,124.00	4.2%	1998	286,300	11,000	4.00%
1999	\$349.00	\$7,114.00	-0.2%	1999	285,500	(800)	-0.30%
2000	\$341.00	\$6,963.00	-2.1%	2000	285,900	400	0.10%
2001	\$342.00	\$6,983.00	0.3%	2001	289,400	3,500	1.20%
2002	\$349.00	\$6,838.00	-2.1%	2002	282,700	(6,700)	-2.30%
2003	\$361.00	\$6,808.00	-0.4%	2003	281,790	(910)	-0.30%
2004	\$369.00	\$6,968.00	2.4%	2004	282,760	970	0.30%
2005	\$380.00	\$7,172.00	2.9%	2005	285,320	2,560	0.90%
2006	\$356.30	\$7,271.50	1.3%	2006	288,985	3,665	1.30%
2007	\$409.00	\$7,708.00	4.0%	2007	294,725	5,740	2.00%
2008	\$425.00	\$8,016.00	4.0%	2008	300,515	5,790	2.00%
<i>Source: Data for 1998-2001 are from the Kansas Department of Revenue. Forecasts for 2002-2008 were produced by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.</i>				<i>Source: Data for 1998-2001 are from the Kansas Department of Revenue. Forecasts for 2002-2008 were produced by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.</i>			
<i>The state tax rate rose from 4.9% to 5.3% effective July 1, 2002.</i>							



CELEBRATING 100 YEARS OF FLIGHT



"Bee 1 Bomber"

Artist: Sculptors of the Plains
Where: City Hall
455 N. Main (Central & Main)
Sponsor: Arts Council
Benefits: Arts Council Youth Programming

"Airplane Bungalow"

Artist: Rebecca Hoyer
Where: Wichita Boathouse
335 W. Lewis
Sponsor: City of Wichita
Benefits: Wichita Tree Trust



"The Air Capitol's Flying Extravaganza"

Artist: Justin Gabriel McInteer
Where: Mid-Continent Airport
1600 Airport Road
Sponsor: Ryan International Airlines, Inc.
Benefits: Kansas Aviation Museum